

18 APR 1980

MEMORANDUM FOR: Chief, Plans and Programs Staff

FROM: [REDACTED]
Chief, Procurement Management Staff

SUBJECT: Strategic Planning

REFERENCE: Multiple Addressee Memorandum from D/L,
dated 18 March 1980, same subject

1. The referent requests that addressees attempt to identify goals and objectives for their respective organizations for the next 5 years. Discussion in this memorandum addresses the writer's perception of directions CIA procurement must take in the specified time frame.

2. Any forecast of directions for CIA procurement must consider either what has already occurred or is predicated for the rest of Federal Government. In November of 1969, a blue ribbon Presidential Commission was created by PL 91-129 to study and recommend to Congress methods "to promote the economy efficiency, and effectiveness of procurement by the executive branch of the Federal Government." This group considered some 400 problems and issues, ultimately making 149 separate recommendations. The number one recommendation in terms of priority was that "an Office of Federal Procurement Policy, high in competence and small in size, established by law and responsive to Congress, and placed in the executive branch at a level where it can oversee the development and application of procurement policy, be established." Under this recommendation, the contracting agencies were to continue to be charged with clear responsibility for individual procurement actions.

In 1966, [REDACTED] after an exhaustive study (the [REDACTED] Report) of procurement in CIA, recommended, among other things, that "a top level procurement management review and coordination function be established." [REDACTED] went on to recommend that this function be carried out by the DDS (now the DDA) through a Special Assistant for Procurement Policy and Control. The thought behind placement of this responsibility at the DDS level was that the Special Assistant would be able to "cut across directorates in procurement matters and, in effect, be the

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Agency's overseer of procurement and materiel management." A Procurement Management Staff was established in response to this recommendation but, after various turf battles, was reduced in status by being assigned as a staff within the Office of Logistics.

As recently as 1977 a special task force appointed by the acting DCI performed an in-depth study on CIA industrial contracting and security, and recommended that the significance of procurement be recognized by establishment of a Deputy Director for Procurement within Logistics. Also considered by the task force was the possibility of an Office of Procurement within the DDA. The recommendation that a Deputy Director for Procurement be established was not accepted.

STAT The Federal Government processes \$125 billion in supplies and services and, in recognition of the importance of the procurement function, has established an Office of Federal Procurement Policy. More than half of CIA's total nonpersonnel budget (classified) is expended annually for procurement of supplies and services and yet CIA has continued to maintain its policy and coordination function at a level that renders it ineffective. This is inconsistent with other Federal Governmental agencies and is counter to recommendations by The Commission on Federal Government Procurement, the [redacted] Report, or the Task Force on Industrial Contracting and Security. Our first goal is:

1. To elevate the level of procurement policy and coordination within the hierarchy of CIA.

3. Trends in the Federal budget have resulted in repetitive reminders that we will be required to do more with less. Other Federal agencies are automating their procurement processes thereby making procurement less labor intensive. The automated procedures also result in greater uniformity among contracts within an agency and easier updating of contract clauses both for solicitations and contracts. An initial effort in this area might include consideration of systems already on line in other agencies, such as the Procurement Automated Data and Document System (PADDS) developed by the U.S. Army Materiel Development and Readiness Command (DARCOM). The PADDS operates on a minicomputer dedicated to the procurement function. Our second goal is:

2. Progressively move toward increased use of automation in the procurement process.

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4. The Federal Government procurement process has grown progressively more complex over the years. This complexity is particularly evident in such concepts as life cycle costing, cost of capital investment, various lease-purchase alternatives, and complex incentive formulas. Also adding to the confusion is the fact that some 40 different socioeconomic programs are implemented through the procurement process. These factors and others which contributed to making the Federal procurement process complex and sometimes confusing, plus a competitive marketplace where contractors more and more are willing to protest Agency procurement decisions, have made career development and professionalism of the contracting officer one of the top priorities for the Office of Federal Procurement Policy through its Federal Acquisition Institution. These problems may be even more complex in CIA where we are also faced with the constraints of security in the majority of our purchases. Our third goal is:

3. To maintain a motivational career development plan for our contracting officers and continue efforts to increase professionalism among CIA contracting officers.

5. One of the top five priorities for the Office of Federal Procurement Policy is to clarify the authorities and responsibilities of contracting officers. This was a concern of The Commission on Federal Government Procurement and has been the subject of many studies over the years. It has been a concern in our Agency as evidenced by various Inspector General findings over the years and, most recently, by a January 1980 memorandum from DCI Turner to DDCI Carlucci in which the Director stated "...I wonder if we shouldn't strengthen the perception of the contracting officers' authority versus the Contracting Officer Technical Representative (COTR)."

Notwithstanding concern inside and outside of CIA at the highest levels, our policy and coordination responsibility is placed at a relatively low level as a staff within Logistics; contracting personnel report to requirements personnel and have their performance appraisals written by requirements officials, and decisions on bonuses for procurement officials in the Senior Intelligence Service who are assigned to the DDS&T will be made by requirements officials. All of these conditions tend to reduce the authority of the contracting officer or give the appearance of some degree of conflict of interest. Placement of the policy

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and coordination responsibility is covered in paragraph one. As a result of a recommendation by the Task Force on Industrial Contracting and Security, while contracting officers' reporting to line requirements officials is less than desirable, a substantive procurement officer is involved in the evaluation process either as primary rater or as reviewing authority. The situation of DDS&T officials deciding on bonuses for SIS procurement officials will occur unless a change in policy occurs. Our fourth goals is:

4. To modify the SIS bonus allocation system in such a way as to remove any appearance of conflict of interest by having bonus decisions for SIS procurement officials in the DDS&T made by the DDA.

6. To implement a recommendation of The Commission on Federal Procurement, the Office of Federal Procurement Policy has developed a Federal Procurement Data System (FPDS). This system requires input by all agencies, including DOD, of data on all contracts. Data includes information, such as contractor name, commodity being procured, competitive versus sole source, small business versus big business, female-owned, minority-owned, labor surplus, amount, etc. CIA has advised OFPP that it cannot input data to the system because of its requirement to protect sources and methods.

While we have chosen not to input data to the FPDS, we must be able to capture compatible data from CONIF or other internal CIA systems to be able to respond to oversight, to our management, to our committees on the hill, or to others with proper clearances and need to know. Our fifth goal therefore is:

5. Work toward modification or expansion of our CONIF system as necessary to facilitate production of data elements included in the FPDS.

7. Security constraints and the complexity of our requirements, coupled with a shortage of qualified minority contractors, have contributed to a serious problem in developing a base of minority contractors. This problem is not unique to CIA and is, in fact, a general problem throughout Federal Government. CIA management is attempting to improve this situation. The Procurement Management Staff in Logistics is identifying sources and disseminating information to all directorates. A memorandum has gone to each deputy director

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asking that every attempt be made to increase the level of contracting activity with minority contractors. While there is no simple solution to this problem, our sixth goal is:

6. To continue efforts to improve CIA's record of contracting with minority contractors.

8. It is noted that recommendations herein have been discussed with other senior procurement personnel.



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